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Amendment No. 7 to HB2569

**Buck
Signature of Sponsor**

AMEND Senate Bill No. 2829*

House Bill No. 2569

by deleting Section 4 of the bill as amended and by substituting instead the following:

SECTION 4. Tennessee Code Annotated, Section 67-4-1004, is amended by deleting the language "six and one-half (6 ½) mills" in subsection (a) and by substituting instead the language "twenty-one and one-half (21½) mills".

Tennessee Code Annotated, Section 67-4-1004, is further amended by adding the following new subsection:

(c) Any wholesale dealers, jobbers, tobacco distributors, and retail dealers having cigarette tax stamps, affixed and unaffixed, in their possession on July 8, 2002, shall not be required to pay the additional cigarette tax resulting from the increase in tax rate from six and one-half (6 ½) mills to twenty-one and one-half (21½) mills on cigarettes to which such stamps in their possession are or shall be affixed.

AND FURTHER AMEND by deleting Section 10 of the bill as amended and by substituting instead the following:

SECTION 10. Tennessee Code Annotated, Section 67-6-202(a), is amended by deleting the language "at the rate of six percent (6%) of" and by substituting instead the language "on" and by adding at the end of the subsection the following language:

The tax shall be levied at the rate of six percent (6%); provided, however, effective July 8, 2002, the local option sales tax provided for in title 67, chapter 6, part 7, shall be two and three-quarters percent (2.75%) statewide. In those jurisdictions in which on June 1, 2002, the rate of the local option sales tax in effect or operative under title 67, chapter 6, part 7, was less than two and three-

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quarters percent (2.75%), the difference between two and three-quarters percent (2.75%) and the local rate in effect or operative on June 1, 2002, applied to the first one thousand six hundred dollars (\$1,600) of the sale or use of any single article of personal property shall be a state tax and those funds in excess of the local rate in effect or operative on June 1, 2002, shall be deposited in the state general fund. There is levied a state tax at the rate of two and three-quarters percent (2.75%) on the amount in excess of one thousand six hundred (\$1,600), but less than or equal to three thousand nine hundred dollars (\$3,900), on the sale or use of any single article of personal property which shall be a state tax and those funds shall be deposited in the state general fund. Tax is levied on the amount which is in excess of three thousand nine hundred dollars (\$3,900) on the sale or use of any single article of personal property at the state rate of six percent (6%).

AND FURTHER AMEND by deleting Section 17 of the bill as amended and by substituting instead the following:

SECTION 17. Notwithstanding the provisions of Sections 10, 11, 12, 13, 14 and 16 of this act to the contrary, sales to or use by a contractor, subcontractor, or material vendor of tangible personal property, including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in performance of a lump sum or unit price construction contract entered into prior to June 15, 2002, or awarded by the state or a political subdivision pursuant to a bid opening which occurred prior to

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June 15, 2002, shall be subject to tax at the state rate of six percent (6%) plus the local option sales tax rate in effect on June 15, 2002, in the county or municipality in which the property is sold or used. In addition, sales to or use by a subcontractor of tangible personal property, including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in performance of a written subcontract entered into prior to September 1, 2002, if such subcontract is made pursuant to a general contract qualifying for the reduced rate of tax as set out above, shall be subject to tax at the rate of six percent (6%) plus the local option sales tax rate in effect on June 15, 2002, in the county or municipality in which the property is sold or used. Any vendor making such sales to any such contractor or subcontractor shall collect tax at the rates set in Sections 10, 11, 12, 13, 14 and 16 of this act during the time that such rates are in effect. Any such contractor or subcontractor paying the rate set in Sections 10, 11, 12, 13, 14 and 16 may then file a claim with the commissioner of revenue for a refund of any such tax paid to any of the contractor's vendors at a rate in excess of six percent (6%) plus the local option sales tax rate in effect on June 15, 2002, in the county or municipality in which the property is sold or used. For purposes of this subsection the term "lump sum or unit price construction contract" means a written contract for the construction of improvements to real property under which the amount payable to the contractor, subcontractor or material vendor is fixed without regard to the costs incurred in the performance of the contract. The provisions of this paragraph shall not be construed to increase the rate of tax imposed pursuant to the provisions of Tennessee Code

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Annotated, Section 67-6-206. Effective July 1, 2003, if any county or municipality increases its local option sales tax rate from that which was in effect on June 15, 2002, then any vendor making such sales to any such contractor or subcontractor shall collect tax at the state rate of six percent (6.0%) plus the local option rate then in effect and the state rate of eight and three-quarters (8.75%) on any single article of personal property on the amount in excess of one thousand six hundred (\$1,600), but less than or equal to three thousand nine hundred dollars (\$3,900). Any such contractor or subcontractor paying such rates may then file a claim with the commissioner of revenue for a refund of any such tax paid to any of the contractor's or subcontractor's vendors at a rate in excess of six percent (6%) plus the local option sales tax rate in effect on June 15, 2002, in the county or municipality in which the property is sold or used.

AND FURTHER AMEND by deleting Section 27 of the bill as amended and by substituting instead the following:

SECTION 27. Tennessee Code Annotated, Section 55-4-113(a), is amended by deleting subdivision (6)(A) in its entirety and by substituting instead the following:

(6)

(A) Freight trailers, semi-trailers, and pole trailers used primarily for hauling freight and trailers used in the furtherance of a business, any trailer not required to be registered which the owner desires to be registered, shall be registered and, in addition to the tax herein prescribed for trucks and truck tractors, there shall be imposed on vehicles so classified a registration tax of one hundred dollars (\$100). Any trailer

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which was registered pursuant to this subdivision prior to July 8, 2002,
and which is used after that date primarily for hauling freight or in the
furtherance of a business or which was not required to be registered, but
which was registered and for which the owner desires to continue the
registration, shall pay an additional registration tax of fifty dollars (\$50.00).

AND FURTHER AMEND by deleting Section 36 of the bill as amended and by substituting
instead the following:

SECTION 36.

(a) Sections 1 and 2 shall take effect upon becoming law and shall apply
to excise tax returns filed for tax years ending on or after July 15, 2002, the
public welfare requiring it.

(b) Section 3 shall take effect on July 15, 2002, and shall apply to tax
years beginning on or after that date, the public welfare requiring it.

(c) Sections 4 through 9 shall take effect on July 8, 2002, the public
welfare requiring it.

(d) Sections 10 and 16 shall take effect on July 8, 2002, the public welfare
requiring it and shall be repealed on June 30, 2003, the public welfare requiring
it.

(e) Section 11 shall take effect on July 1, 2003, the public welfare
requiring it.

(f) Sections 12, 13, 14, 15 and 17 through 34 shall take effect on July 8,
2002, the public welfare requiring it.

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(g) All other provisions of this act shall take effect upon becoming law, the public welfare requiring it.